



STATE OF INDIANA

Michael R. Pence
Governor

STATE BUDGET AGENCY
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Indianapolis, Indiana 46204-2796
317-232-5610

Brian E. Bailey
Director

October 20, 2016

Erin Kellam
Indiana Department of Administration
402 West Washington Street
Room W478
Indianapolis, IN 46204

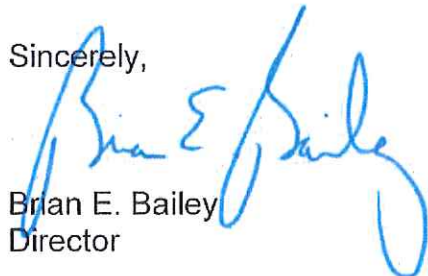
Dear Ms. Kellam,

Pursuant to the provisions of Executive Order 2-89 and Budget Agency Financial Management Circular 2010-4, the State Budget Agency has reviewed the proposed rule that amends 25 IAC 9 (LSA #16-265), which you submitted to the State Budget Agency on June 27, 2016. After reviewing the proposed rule, the recommendation of the State Budget Agency is that the rule changes be approved.

Furthermore, the statement and analysis (attached hereto) provided by the Indiana Department of Administration is hereby adopted as the Office of Management and Budget's own Fiscal Impact Statement for the purpose of satisfying the requirements under IC 4-22-2-28(d). Also, it is adopted as the Office of Management and Budget's cost benefit analysis under IC 4-3-22-13(a).

If you have questions concerning this action, please contact your budget analyst or SBA at 232-5610.

Sincerely,


Brian E. Bailey
Director

BEB/ajb

MEMO

To: Brian E. Bailey
Director of the State Budget Agency

From: Erin Kellam *SK*
Assistant General Counsel, Indiana Department of Administration

Date: June 22, 2016

Proposed Rules LSA# 16-265

This memorandum serves as the Fiscal Impact Statement required under IC 4-22-2-28 and Financial Management Circular ("FMC") #2010-4. This memorandum also serves as the Cost Benefit Analysis required under FMC #2010-4.

1. Fiscal Impact Analysis

A. Calculation of Estimated Fiscal Impact on State and Local Government

The proposed rule is revenue neutral for state and local government, as related to the Department's spending from local and state tax revenue. The proposed rule focuses on Indiana Veteran Business Enterprise ("IVBEs") small business participants in the state's procurement and contracting opportunities. The proposed rule will not be administered by or have an impact on local government. The Department is responsible for administering and maintaining the proposed rule's program.

B. Anticipated Effective Date of the Rule

The Department should receive the Office of Management and Budget's fiscal impact statement within forty-five (45) days. IC 4-22-2-28(d).

The total cost of the proposed rule is less far less than \$500,000. Therefore, a public hearing can take place twenty-one (21) days after the proposed rule is published. IC 4-22-2-28(c) and IC 422-2-24.

Assume one (1) week to observe the public comment period.

Assume a total of one (1) to two (2) weeks for staff to review and consider all public comments and assemble the rule packet.

The Attorney General has forty-five (45) days to review the rule packet. IC 4-22-2-32(g).

The Governor has fifteen (15) to thirty (30) days to review the packet. IC 4-22-2-34(b).

The rule is effective thirty (30) days from the date the Legislative Services Agency accepts the rule for filing. IC 4-22-2-36.

Therefore, based on the facts and timeline above, the Department anticipates the rule to be fully promulgated and effective on or before January 9, 2017.

C. Sources of State and Local Revenue Affected by the Rule, Including Costs Necessary to Enforce the Rule

There are no sources of state and local revenue that will be affected by the proposed rule. The Department intends on using existing resources and personnel to administer and maintain the program.

D. Sources of State and Local Appropriations and Expenditures Affected by the Rule

Similar to revenue expectations, the proposed rule will not affect state and local appropriations and expenditures. Pursuant to IC 5-22-14-11, the existing rules, required the Department required to reallocate the percentage goal of eligible state contracts in order to effectuate the intended legislative result, but appropriations and expenditures remained constant for state agencies. These additional rules will only

Pursuant to the previously enacted enabling legislation, IC 5-22-14-11 and more specifically, IC 5-22-14-3.5 & IC 5-22-14-9, the Indiana Economic Development Corporation could be requested to provide resources to a governmental body that adopts rules to tailor their program, compile and maintain a list of IVBE and small businesses, assist IVBE and small businesses in complying with procedures for bidding on state contracts, simplify specifications and contract terms to increase the opportunities for IVBE to participate in state contracts and develop programs to encourage cities, counties, towns, townships, and private businesses to adopt the goal for contracts with IVBE. This addition to the rules does not change that therefore no material state or local appropriations or expenditures are anticipated.

E. Administrative Impact to State and Local Government

The administrative impact to state government is minimal. The Department expects to use current staffing-levels to continue to operate the IVBE program, monitor participation and administer any additional activities that will result from enforcing the proposed rule.

There is no administrative impact to local government under the proposed rule.

F. The Extent of an Unfunded Mandate

The proposed rule imposes no unfunded mandates to operate and maintain the IVBE program.

G. Readoption Fiscal Analysis

The proposed rule does not readopt an expired rule. Therefore, no previous fiscal analysis is available.

2. Cost Benefit Analysis

A. Statement of Need

The proposed rule is submitted in response to House Enrolled Act 1312 which expands the definition of "veteran" as it relates to the IVBE program and provides the authority for the Indiana Department of Administration to certify an Indiana for the IVBE program. The proposed addition to the rules are designed to help men and women who return home after serving their country or

undermine the integrity of the proposed rule and render the resulting rule impotent. As a result, there are no known alternatives that would consolidate or simplify compliance or reporting requirements for IVBE.

The least stringent means of compliance and reporting requirements have been utilized in the proposed rule. The proposed rule only offers an alternative process for certification while maintaining the current option. As such, the proposed rule offers flexibility at the state level while protecting the program's intent.

By operation of the enabling statute, the proposed rule is limited to small business entities. Non small businesses are excluded under this proposed rule.

D. \$500,000 Impact

In light of the minimalistic costs associated with the proposed rule, the total economic impact on regulated entities will be less than \$500,000. There are no fees associated with this program and any costs are indirect.

E. Independent Studies/Verification

None. Direct sources were available for verification purposes.

F. Sources Relied Upon in Determining/Calculating Costs & Benefits

15 U.S.C § 644(g) (2006).

U.S. Small Business Admin., *FY 2012 Scorecard Summary by Prime Spend with Subk and Plan Progress Document*, retrieved from http://www.sba.gov/sites/default/files/files/FY2012_Summary_by_Prime_Spend_with_Subk_and_Plan_Progress.pdf

The Department of Veterans Affairs, Office of Public and Intergovernmental Affairs (2012). *VA Exceeds Government-Wide Goal for Veteran-Owned Business Procurement* [News Release], retrieved from <http://www.va.gov/opa/pressrel/pressrelease.cfm?id=2351>

Department of Veterans Affairs, *FY 2012 Small Business Procurement Scorecard*, retrieved from http://www.sba.gov/sites/default/files/files/FY12_Final_Scorecard_VA_2013-06-20.pdf